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REMARKS/ARGUMENTS

Reconsideration of this application is respectfully requested in view of the foregoing amendments and discussion presented herein.

1. **Rejection of Claims 2-7, 23-24 and 27-29 under 35 U.S.C. § 103.**

Claims 2-7, 23-24 and 27-29 were rejected under 35 U.S.C. § 103 as being obvious over Levine (U.S. No. 5,477,038) in view of Canney (U.S. Patent No. 6,581,041).

After carefully considering the grounds for rejection the Applicant responds as follows.

In support of the rejection of the above group of claims a combination between the Levine and Canney references was put forth by the Examiner. A number of intractable shortcomings become evident as one begins to examine the use of these references.

One over-arching failure with these rejections is that they represent a piece-meal approach to examination based on an attempt to distill the claimed invention down into a collection of parts, such as the use of payment cards, virtual accounts, trust accounts and remittances, without due consideration for the invention as a whole and its objects and operating principles. By way of analogy, this approach is akin to building a rejection of an electronic device because it contains resistors, capacitors, inductors, and transistors, which are known in the art. However, it is well understood that one can patent an infinite variety of new electronic devices built from these resistors, capacitors, inductors, and transistors, although each in themselves are well known in the art. Patentability for the majority of patents lies in the novel ways in which the elements are interconnected and utilized to create a benefit from a novel configuration of new or existing elements. This is why it is so important, when asserting a combination of references, to have clear-cut information from those references as to the specific configuration and associated benefits. However, in relation to the claims at issue herein

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these references are silent.

The obviousness rejections put forth against the claims of the instant application attempt to arrive at a combination for which no teaching, suggestion or motivation is found in the relied-upon references. The instant application itself provides the only teaching of numerous aspects recited within the claims at issue. The following will address these aspects in greater detail with regard to claims at issue for the instant application.

(a) Claim 2. Independent Claim 2 is drawn to a method for facilitating payment transactions.

In support of the rejection, it is asserted that Levine teaches all aspects of the claim except for “*an account which is accessible by the trustee and responsive to a monetary remittance from the cardholder*”. To supply that missing aspect, a combination with Canney is put forth, despite the fact that neither reference provides a teaching, suggestion or motivation toward creating such a combination.

The following sections discuss a number of fatal shortcomings of the rejection, including: (1) neither the Levine nor Canney references teach what they are purported to teach; (2) all claim limitations are not taught by the combination; (3) an unsuggested combination is put forth with no motivation to combine; (4) different objects and operating principles are involved; (5) the rejection is founded on similarity of inventive concept; (6) modification is based on hindsight; (7) lack of specificity of suggestion to modify; and (8) the invention is to be considered as a whole.

Levine Does Not Teach What It Is Purported to Teach

As mentioned above, the combination with Canney is directed at supplying “*an account which is accessible by the trustee and responsive to a monetary remittance from the cardholder*” to the teachings of Levine.

However, this sweeping generalization ignores numerous aspects of the claim references. It may be constructive to look at these claim aspects with respect to how they were characterized in the rejection toward a comparison with Levine.

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“In reference to claims 2, 23 and 24, Levine discloses a method, system and means for facilitating payment transactions between a user and a merchant, comprising generating a virtual account at a financial or other institution on behalf of a user (col. 2, lines 6-46), and making said virtual account accessible by presentation of a virtual account payment card where the means for generating the virtual account comprises establishing a database having a database record for the virtual account within an account which is accessible by the trustee and responsive to a monetary remittance from the cardholder (col. 2, lines 47-67 -col. 3, line 1).”

Applicant is uncertain how the above characterization of Levine in view of Claim 2 was conceived; however, a number of aspects of the claim are not brought out above. The following compares the above statements with each of the actual elements of Claim 2, (portions of Claim 2 which are not discussed above are underlined below for ready reference):

(i) First claim element: *“generating a virtual account on behalf of a user, within a trust account configured for aggregating a plurality of virtual accounts under the control of a trustee”*. The rejection asserts that Levine teaches the first portion of the claim, for which column 2, lines 6-46 are referred to in support. This supplied section of Levine comprises the bulk of the summary of that invention and discusses the use of Levine's card based disposable travelers checks over an ATM network.

The characterization of Levine in the rejection ignores that there exists no teaching for the use of a trust account as the basis of aggregating a plurality of virtual accounts under the control of a trustee.

(ii) Second claim element: *“said trust account configured with an associated repository of capital sufficient to disburse funds by said trustee equivalent to the cumulative balances within the associated virtual accounts”*. The characterization of Levine by the Examiner does not discuss how this portion of the claim is met. In fairness, the statement for what is not disclosed by Levine may allude to portions of the above - it is difficult to ascertain where the text of that assertion arose.

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(iii) Third claim element: “issuing, to a user as a cardholder, a virtual account electronic payment card encoded with said virtual account number and linked to said trust account”. The above element is not discussed in the rejection - Levine does not teach any account structures linked to a trust account.

(iv) Fourth claim element: “accessing said virtual account in response to presentation of information associated with a virtual account payment card when executing a payment transaction”. The above element is reasonably characterized as “making said virtual account accessible by presentation of a virtual account payment card”.

(v) Fifth claim element: “immediately transferring any portion of a balance from the virtual account of said user, as said trustee releases a level of funds from the trust account in response to user directive, to render payment for executing said payment transaction without creating a chargeback liability”. The characterization of Levine with regard to the claim indicates the account “is accessible by the trustee” and “responsive to a monetary remittance from the cardholder”, which does not represent each of the claim elements above. Levine does not provide a trust account and trustee mechanism within the payment card configuration. Levine is clearly not based on a trust account, so it is incorrect to say “within an account which is accessible by the trustee”. There is no structure in Levine for operating with a trustee or releasing the funds in this manner from a trust account based on user directives to the trustee. Another shortfall is that Levine does not teach or suggest “immediate transferal of balances” (discussed at length below), and it is also unable to assure that the transaction takes place “without creating a chargeback liability”.

Accordingly, it is clear from the above that the Levine reference does not teach what it is purported to teach. The following provides additional background on the problems with the Levine reference as a basis for the present rejection.

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Additional Shortcomings in Comparing Levine's Teachings

It will be readily appreciated that the system of Levine differs substantially from the invention recited in Applicant claims. The Levine system is directed at providing a card based travelers check, wherein a number of constraints and problems arise with regard to the use of that system for the purpose of the present invention. It should be kept in mind that Levine is directed at different objects and operates according to different operating principles than either the Canney reference or that which is claimed for the instant application.

Levine is based on a Travelers Check Paradigm.

Levine teaches a system of "*electronic travelers cheque*" (ETC) (col. 2, line 9) in a card form and configured to operate as a pooled prepaid card. The sub-divided account used within Levine is clearly not a trust account, but instead a conventional account of the entity which is selling the payment cards. There is no trustee of the account (as that term is used conventionally and within the specification of the application) and its associated fiduciary obligations to the cardholder as beneficiary.

It should be noted that the electronic travelers check metaphor of Levine is subject to a number of regulatory constraints complicating deployment of the system. For example, Title XXXIV-A of the Uniform Commercial Code (U.S), Negotiable instruments, Section 382-A:3-104 sets forth a number of requirements for a "Traveler's Check" form of instrument, including: "*requires, as a condition to payment, a countersignature by a person whose specimen signature appears on the instrument*". Numerous additional financial restrictions exist, such as those put forth by the National Automated Clearing House Association (NACHA), which maintains that the presenter of a travelers check is not the owner of the account on which the instrument is drawn, and thus cannot properly authorize the instrument's conversion to an ACH debit.

Another large problem typifying the system of Levine is that the cards fall into the category of prepaid cards. This is not just a grammatical or structural distinction, but a legal one. The cards of Levine are not issued, but must be sold through the agent. The

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monies from the cardholder become the property of the card issuer. The money in the pool is NOT federally (i.e., FDIC) insured for the cardholder, and the cardholder thereby has no guarantee of sustained value. Consequently, the value of the prepaid card is not secure, as it is owned by the card issuing institution and its value depends on the institution.

Those in the industry recognize that numerous persons have lost the value of prepaid cards when a seller or institution declares bankruptcy, or is otherwise unable to meet its obligations. In fact prepaid cards are not currently the subject of ANY federal consumer protection laws or regulations in the United States. Regulation Z, which protects credit card consumers, does not apply to prepaid cards, and Regulation E, which protects debit card users and ACH transfers, similarly does not apply to prepaid cards as discussed by Levine. The underlying monetary account of Levine has no protection; it is a conventional prepaid card based on a segmented unsecured account. Therefore, such cards are not a secure means of retaining value.

In addition, one working with trust accounts will recognize that trust accounts are not subject to the same escheat laws as conventional prepaid card and debit card accounts are. For many years, all trusts had a limited lifespan, with most states using a rule descended from feudal England which required all interests to vest no later than the greater of 90 years or "lives in being plus 21 years," which generally allowed a trust to continue for approximately 90 to 120 years before the trustee would have to distribute the trust assets to the beneficiaries. This is the common law rule against perpetuities. To simplify the rules concerning the duration of a trust, Delaware repealed its common law rule against perpetuities in 1986 and replaced it with a simple 110-year limitation. Thus, a trust could last 110 years, even if its terms violated the common law rule against perpetuities. In 1995, Delaware further liberalized its laws by abolishing the 110-year limitation for all trust property except real estate. Therefore, under that legislation, a trust holding personal property can last indefinitely. Today, seventeen states and Washington, D.C., have laws allowing trusts to continue perpetually.

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Accordingly, in states without laws against perpetuity, the trust account remains perpetual.

In any case, the life of a trust exceeds the dormancy period associated with escheat laws, which are typically in the range of 1-7 years for most states. According to Judith Rinearson, chief counsel to American Express' electronic stored-value business, citing: "Escheatment Issues Could Impact Stored-Value Cards," Card Technology News, March 7, 1997: "The time period that must elapse before the property is subject to escheatment varies, depending on the state and the property involved (e.g., 15 years for travelers' checks and three to five years for gift certificates). For general unclaimed funds, 35 states have a five-year period; seven states have a seven-year period; eight states have a three-year period; and New York has just a two-year period." The perpetuity or long-life span of a trust provides the advantage that monies of a trust account are not turned over, or not turned over so readily, to the local jurisdiction in response to a period of account inactivity.

Levines Lacks a Novel Trust Account Mechanism.

Levine describes manufacturing of the cards and the process of distributing them to sales agents that sell a particular serial number, which is then looked up by a remote computer that determines a location in the database to load with user information. Levine is built on a conventional prepaid card structure with a segmented account of the issuer accessed through a proprietary process performed at an ATM that is configured for this type of structure.

In contrast to Levine, the claims of the application, including Claim 2, are built on a trust account mechanism for containing the aggregate of the balances and configured for transaction execution over the existing payment infrastructure. This trust account core of the claimed invention provides numerous significant advantages over any conventional payment cards, including that of the Levine reference.

Claim 2 distinctly brings out a number of aspects of the trust account relationship. The step of generating a virtual account is described as being "*on behalf of a user*,

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within a trust account configured for aggregating a plurality of virtual accounts under the control of a trustee". The claim goes on to describe the trust account as "*configured with an associated repository of capital sufficient to disburse funds by said trustee equivalent to the cumulative balances within the associated virtual accounts*". It is the nature of the trust account that monies are held as an asset by the trustee, which has a fiduciary obligation to disperse funds only at the direction of the trustor (not considering trust maintenance fees which may be a part of the trust agreement).

A trust account, by its nature, is secure and federally insured. This is one reason why the instant application is entitled "*Process for the Ubiquitous Enablement of Electronic Currency*", as the payment cards provide a true electronic currency form, with the trustee being obligated to disperse the associated monies to, or on behalf of, the cardholder (as described below).

As the nature of trust accounts was considered well known to those of ordinary skill in the art, the specification did not provide detailed background information on them in accordance with the tenets of MPEP 2164.01.

A patent need not teach, and preferably omits, what is well known in the art. *In re Buchner*, 929 F.2d 660, 661, 18 USPQ2d 1331, 1332 (Fed. Cir. 1991); *Hybritech, Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1384, 231 USPQ 81, 94 (Fed. Cir. 1986), *cert. denied*, 480 U.S. 947 (1987); and *Lindemann Maschinenfabrik GMBH v. American Hoist & Derrick Co.*, 730 F.2d 1452, 1463, 221 USPQ 481, 489 (Fed. Cir. 1984).

The following material is provided as an aid in understanding the use of a trust account within the present system. These sections are excerpted from Wikipedia the Free Encyclopedia, 2006, Search: Trust Law, URL:

http://en.wikipedia.org/wiki/Trust_law, site last modified 5 October 2006.

In common law legal systems, a **trust** is a relationship in which a person or entity (the trustee) holds legal title to certain property (the *trust property* or *trust corpus*), but is bound by a fiduciary duty to exercise that legal control for the benefit of one or more individuals or organizations (the beneficiary), who hold "beneficial" or "equitable" title. The trust is governed by the terms of the (usually) written trust agreement and local law. The entity (one or more individuals, a partnership, or a corporation) that creates the trust

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is called the settlor, and in the United States, the **trustor**, **grantor**, **donor**, or **creator**, as well.

Basic Principles

The trust has been called the most innovative contribution of English legal thinking to the law. Developed from the 11th century onwards, It plays an important role in all common law legal systems. Trusts developed out of the English law of equity which has no direct equivalent in civil law jurisdictions. However, since the use of the trust is so widespread, some civil law jurisdictions have incorporated trusts into their civil codes. Civil law systems also have analogous concepts like patrimony of affectation and the foundation that have similar independent patrimonies from their donors that trusts can have from their grantor.

A simple example of a trust which is common in real life is the situation where Joe Bloggs makes a will, including the clauses:

I appoint John Smith to be my executor.

I give my estate to my daughter Doris Bloggs if she attains 18.

Here, if Joe Bloggs dies while Doris Bloggs is still under 18, a trust comes into existence at that time, of which John Smith is the trustee and Doris Bloggs is the beneficiary. The Ownership of the trust's assets has become split:

The trustee has legal ownership. In our example, John Smith's name will go onto any title deeds, and he will be the signatory on any bank account.

The beneficiaries have equitable ownership. In our example, only Doris Bloggs has any right to enjoy the assets left by her deceased father. John Smith is not entitled to a penny from them. (In practice, of course, if John Smith is a professional trustee, there will certainly be another clause in the will which ensures that he is paid.) Notice, though, that Doris Bloggs is not entitled to this money outright - she only becomes entitled if she attains 18 - so her equitable ownership is not the same as outright ownership.

This dual title (legal versus equitable) is frequently called "split title." The "title split" of trust law may be generalized colloquially as follows: legal title involves control, management, and possession, while equitable (beneficial) title involves "benefit," "enjoyment," and "use."

It should be noted from the above that a fiduciary duty exists to the beneficiary who holds "beneficial" or "equitable" title on the asset. It will be clear to one of ordinary skill in the art that the monetary value of the payment card remains an equitable asset of the cardholder. It should be appreciated that with conventional prepaid payment

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cards, including the card of Levine, the card issuer, and not the cardholder, owns the money remitted to them, with no assurance of funds being dispersed to, or on behalf of, the cardholder. If the issuer becomes insolvent then the prepaid card has no value. From proposed FDIC legislation (first proposed in 2004) toward attempting to insure funds within stored value cards, it can be understood that: (1) at least since 2004, the problem has been recognized, and (2) that no protection solution is presently available for these funds. It can be appreciated how this drawback of conventional payment cards would militate against their use as a store of value for any sizable monetary amount. The present invention, however, is well suited for storing substantial monetary value. An example is described in the specification on page 33, line 21 through page 34, line 7, wherein a person receives their wages within the VAP card of the present invention. In addition, page 37, lines 3-6, describes using the VAP card for other large value storage: *"Card values set at the time of activation may be configured with arbitrarily large card values, subject to applicable regulations. For example, a card may be obtained with a virtual account balance of ten thousand dollars (\$10,000) to allow the cardholder to easily carry cash for use abroad, or for transfers to other parties."*

Thus, it can be readily understood that significant value is provided by the structure of the present system, as it allows for the safe use of this form of payment card for large monetary assets. The money of the beneficiary is protected despite any insolvency, bankruptcy, and so forth, of the issuing institution.

The specification discusses the relationship of the bank or financial institution to the funds of the repository of capital underlying the virtual accounts within the trust. For example, the trustee of the account is described on page 20, lines 10-13: *"the trustee of the trust account is a bank or other financial institution that is appointed to administer the funds within the trust account."* Accordingly, the cardholder is the beneficiary and remains legally entitled to the right to disburse funds put into the trust account despite the insolvency of the bank or institution holding the funds. Trust funds deposited under section 3(1)(2) of the FDIA, 12 U.S.C. 1813(1)(2), are defined as funds held by an

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insured depository institution in a fiduciary capacity.

A trust account is NEVER subject to bankruptcy of the trustee, and the bank controlling the trust is legally liable for all account balances. The transfer is performed concurrently with the authorization. "Trust funds" are defined by the industry as deposits under section 3(1)(2) of the FDIA, 12 U.S.C 1813(1)(2).

Merchant Chargeback Liability.

According to the above discussion, the Levine system does not assure that the monetary value of the card remains accessible to the cardholder. The Levine system also provides no assurance that the merchant will be paid in response to completing a transaction, due to the liability and risk of chargebacks.

It will be helpful to understand certain aspects on the nature of the Levine teachings prior to proceeding. Levine is built on a conventional prepaid card structure with a segmented account of the card issuer accessed through a proprietary ATM protocol. Although Levine alludes to the use of Direct Deposit Accounts (DDAs) which are typically associated with a debit card, DDAs cannot legally comprise accounts from unnamed individuals. This condition cannot be met by Levine, which requires the sub-account to be looked up; for example, referring to column 2, lines 59-67; and column 4, lines 47-55; wherein the process is described of looking up the BIN and account number for a given serial number.

. The electronic travelers check (ETC) card of Levine is a prepaid card which acts as a front-end for, and relies totally on, the VisaNet network. A prepaid card transaction can be executed over the VisaNet network if, and only if, the POS terminal is a VisaNet terminal and if that Visa terminal is Visa Interlink enabled (or its equivalent, if any). It is noted that debit card transactions are signature based unless processed online via such a facility, while Levine is exclusively PIN based. Alternatively, the ATM can be provisioned with Visa Host-Based Stored Value infrastructure, which is specifically designed to facilitate the processing of a prepaid card transaction, but presently facilitates only Visa Buxx, Visa Gift card, Visa TravelMoney and Visa Payroll card

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transactions. Neither Visa Interlink nor Visa Host-Based Stored Value protocols are disclosed by Levine. Additionally, effective November 30, 2004, Visa allowed issuers to permit cardholders who are dissatisfied with the delivery or quality of their purchases made with their Interlink cards to dispute the charges with their issuers for Interlink card transactions that are processed by Visa.

The liability for chargebacks within Levine is in contrast to how the charges are irrevocably settled immediately in the system of the claimed invention. In addition, it should be appreciated that the system of the instant application does not require proprietary configurations of an ATM network and is instead configured for use over the existing transaction infrastructure.

Because there exist a number of drawbacks to the Levine approach, it is not surprising that the approach of Levine has failed in the United States (which, in and of itself, provides a secondary consideration with respect to Levine as a supporting reference) to fulfill a role as an electronic travelers check, and Visa has foregone the process described by Levine in deference to the use of the Visa TravelMoney Card, which is a host-based stored-value system. A prepaid card instrument according to Levine could not be presented through VisaNet, or through any other conventional network, to execute payments or transfer transactions at this time.

Returning to the discussion of merchant payment, it should be recognized that a proprietary ATM format is required by Levine or the conventional debit card (alluded to by Levine). An additional shortcoming of the Levine system is that, even after authorization, there is no guarantee the merchant will get paid for the transaction. Transactions using the Levine system will be subject to chargebacks, in which the merchant may not be paid for an executed transaction.

The prepaid card of Levine is processed in a manner in which the deduction from the account does not occur at the time of the transaction, but within a later batch transaction. In column 1, lines 37-41, Levine states: "*The immediate deduction is actually a same day or same night deduction, since the amount of the transaction is*

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typically recorded, and then actually processed in batch mode at night with other transactions.” As a natural consequence of batch mode, the account can become overdrawn, and chargebacks can also arise wherein the account lacks assurances to both parties. These aspects are intrinsic problems with the structure of the Levine system, and they lead to additional limitations of the Levine teachings. Levine does not describe how to overcome these situations, but teaches overcoming the problem of a lost card by imposing a daily limit of \$200 on withdrawals from a particular card (see column 1, lines 43-45), which would limit exposure to losses by merchants. However, it should be appreciated that the merchants would still be subject to risk, and in addition, using these monetary limits would not be in keeping with the tenets of the instant application, which allows storing and accessing large cash values.

In contrast with the Levine teachings, Claim 2 of the instant application recites that executing the payment transaction involves “*immediately transferring*” a given portion of the balance. In addition, the transaction is executed “*without subjecting the merchant to a chargeback liability*”. This is in keeping with a clear object of the invention as outlined on page 17, lines 21-23: “*Another object of the present invention is to provide a payment card that may be accepted as cash, wherein the merchant and acquiring institution do not incur a chargeback liability.*” In the claim, the immediate transfer of funds is described “*as trustee releases a level of funds from the trust account in response to user directive, to render payment for executing said payment transaction*”.

As noted hereinabove, Levine has numerous shortcomings which are not addressed by the rejection.

Canney Does Not Teach What It Is Purported to Teach

The rejection posits a combination with Canney to supply an “*account which is accessible by the trustee and responsive to a monetary remittance from the cardholder*”.

However, as it has already been shown above, the Levine reference lacks relevant teachings in a number of regards aside from the one put forth as the objective

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of the combination with Canney. The combination is rife with problems, the most substantial of which are addressed below.

The rejection does not detail how the teachings of Canney can be combined with the Levine reference to create a system performing as recited by Applicant's Claim 2, but instead speaks of the elements in isolation, and the reader is left to ponder if there is indeed any means by which these disparate elements may be melded into the teachings of the target claim.

Canney is woefully mischaracterized by the statement "*Canney discloses a method and system for making payments via a debit card and these payments are configured around a trust account*". To the contrary, Canney discusses a mechanism for directing a portion of an account fee to a charitable foundation. Canney discusses embodiments relating to three basic types of accounts. **(1)** Donor advised accounts (see column 2, line 59 through column 4, line 25), which operate within the fee structure of advised accounts; **(2)** Charitable giving through credit cards, charge cards, or other payment card devices (see column 4, lines 26-54) that provide a percentage of the charge card fees to the charity; and **(3)** Other types of investments and different types of accounts (see column 4, lines 55 through column 5, line 23), in which a portion of the fees directed to maintain these accounts are directed to the charitable foundation.

While it is true that Canney mentions the use of "trust accounts", the trust accounts are never mentioned with regard to item (2) which discusses charitable giving through credit cards, charge cards, or other payment card devices. The discussion of trust accounts and charge card purchases are distinctly different implementations with no specified relationship, aside from being target applications to which Canney can be applied.

Applicant believes that attempting to connect "*trust accounts*" with the "payment vehicle" aspects within Canney is similar to positing a rejection of an air-car technology based on a reference stating: "novel widget A can be attached to an airplane or to a car".

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The other embodiments similarly lack support for the use of trust accounts as a basis of a payment system. For the embodiment (1) listed above, Canney mentions the use of diverting fees for managing a mutual fund, specifically expressed as an annual percentage of account value (see column 3, lines 4-6). In the catch-all embodiment (3), Canney briefly indicates how a portion of account fees can be directed to the charitable foundation. One of the accounts mentioned is a trust (see column 5, lines 7-10): *"The method of this charitable giving/investing can also be applied to trusts and IRAs. Any account that charges a fee could dissect the fee so that part of it is automatically given to a donor advised account within a community foundation"*. Elsewhere, Canney gives examples of fee diversion from financial accounts, financial services, purchases, mutual funds, unit trusts, life insurance policies, annuities, brokerage accounts, trust accounts, and other accounts from whose fee structure the donations can be extracted.

Aside from the fact that Canney does not teach or suggest any combination between a trust account and a payment card structure, the trust account spoken of by Canney cannot be equated to a type of trust account compatible with the instant application. With regard to the disclosure of *"a trust account"* by Canney, the text of Canney makes it abundantly clear that an investment vehicle is being addressed. In particular, a "unit trust" is described by Canney, which is more accurately referred to as a "unit investment trust". A "unit investment trust" refers to an unincorporated mutual fund structure that allows funds to hold assets and pass through profits to the individual owners, rather than reinvesting profits back into the fund. Historically, unit trusts predominantly held fixed-income securities, especially tax-exempt bonds; however, equities now represent over 50 percent of unit trust assets (refer to <http://www.answers.com/topic/unit-trust>). This shows that even the "trust" aspects of Canney are not suitable means from which to attempt a combination directed at the payment card based on a trust account as found in the claims of the instant application.

All Claim Limitations Are Not Taught or Suggested

The combination of Canney with Levine, albeit improper, also fails completely

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insofar as it does not teach all the limitations of the claim at issue – the combination of references does not add up to the claimed invention.

The Canney reference mentions “*trust accounts*” and thus, a combination with Levine was asserted. Although it has been shown that one cannot interpret the teachings of Canney in support of a payment card system based on a trust account, there are a number of additional aspects of the claim which are taught by neither of these references. The following portions of the claim at issue are not addressed by either reference: (1) “*a trust account configured for aggregating a plurality of virtual accounts under the control of a trustee*”; (2) “*said trust account configured with an associated repository of capital sufficient to disburse funds by said trustee equivalent to the cumulative balances within the associated virtual accounts*”; (3) “*issuing, to a user as a cardholder, a virtual account electronic payment card encoded with said virtual account number and linked to said trust account*”; (4) “*immediately transferring any portion of a balance from the virtual account of said user, as said trustee releases a level of funds from the trust account in response to user directive, to render payment for executing said payment transaction without creating a chargeback liability*”.

Therefore, the shortcoming of the combination is not simply a failure to disclose a trust account, but the failure to teach or suggest numerous structural aspects within the payment system of the instant application. Consequently, the combination of Levine and Canney does not teach or suggest all aspects of the recited claim; thus, no *prima facie* case of obviousness has been made out.

2143.03 All Claim Limitations Must Be Taught or Suggested

To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). “All words in a claim must be considered in judging the patentability of that claim against the prior art.” *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970). If an independent claim is nonobvious under 35 U.S.C. 103, then any claim depending therefrom is nonobvious. *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988).

Accordingly, the fact that the combination does not teach all elements of the claim at

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issue illustrates that no *prima facie* case of obviousness has been made out.

Unsuggested Combination

Applicant is unable to discern any motivation for the combination with Canney except for the presence of the phrase “*trust account*” within the Canney reference. The only ‘reasoning’ put forth for making the combination is that “*it would have been another financial instrument to create the payment system around*”. However, such speculative generalizations have no probative value when no specifics within either of the references are provided as the source of the suggestion or motivation for the combination. Further, since each of the Levine and Canney systems, as well as the system recited in the claims of the instant application, are drawn to wholly different inventive objects, the only motivation for the combination would arise from the Applicant’s teachings.

No teaching, suggestion, or motivation is shown stemming from the references from which the rejection is founded, and thus, the rejection is improper.

Different Objects and Operating Principles

The Levine and Canney references are directed to different inventive objects and different operating principles. Levine is directed to creating an electronic form of a traveler’s check (See “Summary of the Invention” column 2, lines 6-9). In contrast to Levine, Canney describes a “*Method of Charitable Giving/investing*”, as seen by its title, in which a portion of an account fee is directed to a charitable foundation. Therefore, the nature of the problem in these two cases is substantially different. Applicant also believes that Canney is not analogous art to Levine, and is of no merit as a supporting reference, aside from its dubious distinction in utilizing the phrase “*trust account*”. Furthermore, the objects of these references also differ from the object of the present invention, that of facilitating payment transactions that are not subject to a chargeback liability (as recited in Claim 2), and the escheat advantages of a trust account configuration.

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Applicant has solved a different problem from either of the references. It is apparent that the claims of the instant application recite a system utilizing new principles of operation, such as the use of a trust account, trustee mechanisms, and virtual accounts toward preventing chargeback liability. The applicant is teaching a new principle of operation for solving this long-held problem. Refer to *Wright*, 6 USPQ 2d 1959 (1988).

MPEP 2143.01A: "The test for an implicit showing is what the combined teachings, knowledge of one of ordinary skill in the art, and the nature of the problem to be solved as a whole would have suggested to those of ordinary skill in the art." *In re Kotzab*, 217 F.3d 1365, 1370, 55 USPQ2d 1313, 1317 (Fed. Cir. 2000). See also *In re Lee*, 277 F.3d 1338, 1342-44, 61 USPQ2d 1430, 1433-34 (Fed. Cir. 2002) (discussing the importance of relying on objective evidence and making specific factual findings with respect to the motivation to combine references); *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988); *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992)." Emphasis added.

The two references also differ markedly with regard to operating principles. Levine is a card-based instrument which is purchased at a fixed denomination from a bank in the same manner as a travelers check, and Levine is directed for use within ATM machines of an issuer (refer to column 2, lines 6-58 of Levine). In contrast to this, Canney can be used with select financial instruments (specifically listed by Canney) to which a fee is attached, in which a portion of that fee is redirected to a donation account. It should also be recognized that the "*trust account*" embodiments of Canney (refer to column 2, lines 5-16 as further described in column 2, line 59 through column 4, line 25), do not describe basing a payment card on the "*trust account*" or provide any suggestions or motivations for doing so. A combination of Canney with Levine would necessarily alter the principles of operation of Levine. This is particularly telling with regard to the "*trust account*" embodiment of Canney as it is not even directed to an underlying payment card process. It is well known that the proposed modification cannot change the principle of operation of the reference.

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“THE PROPOSED MODIFICATION CANNOT CHANGE THE PRINCIPLE OF OPERATION OF A REFERENCE If the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims *prima facie* obvious. *In re Ratti*, 270 F.2d 810, 123 USPQ 349 (CCPA 1959)”

A combination of Levine and Canney would altogether change the principle of operation of Levine, which is a further indication that the proposed modification would not have been obvious in light of the reference teachings. *See In re Ratti*, 270 F.2d 810, 813, 123 USPQ 349, 352 (CCPA 1959). Furthermore, the combination would render the Levine reference unsuited for its purpose, as Canney provides for directing a portion of the fee to a charity donation, which is clearly not in keeping with the electronic travelers check object of Levine. The proposed combination is thus not valid since it requires changing the principles of operation of the reference.

Rejection Based On Similarity of Inventive Concept

Concepts and ideas are not patentable, with patent protection only available as directed at specific embodiments put forth for carrying out concepts and ideas. Therefore, it is immaterial if a contention can be made that the embodiment is directed in a similar area, or toward a similar idea or inventive concept. For instance, there exist numerous multiblade shaving razors on the market, each having a patent on its own patentably distinct elements while being directed toward the same or similar inventive concepts.

Further support for this argument is put forth by the Administrative Patent Judge in Appeal No. 96-0651 of Application No. 08/087,164, heard February 11, 1999.

“Merely because two systems perform the same or a similar function does not, per se, make those systems patentably indistinct. For example, a quill and ink, a ballpoint pen and an electronic word processor may all perform the same function, i.e., the writing of a document, but, clearly, they do not perform the same function in the same manner.”

As the rejection is based on concepts, and not on comparing the implementations of the

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cited art in comparison with all claim aspects for the instant application, it is thus improper.

Modification Based on Hindsight

Since there appears no operative nexus between Canney and Levine, and no relevant suggestions in either reference toward creating a system as recited in the claims at issue, Applicant can only conclude that the proposal for the modification could have only arisen in response to hindsight in view of Applicant teachings.

MPEP 2143.01 Suggestion or Motivation To Modify the References [R-1]
THE PRIOR ART MUST SUGGEST THE DESIRABILITY OF THE CLAIMED INVENTION

"There are three possible sources for a motivation to combine references: the nature of the problem to be solved, the teachings of the prior art, and the knowledge of persons of ordinary skill in the art." *In re Rouffet*, 149 F.3d 1350, 1357, 47 USPQ2d 1453, 1457-58 (Fed. Cir. 1998) (The combination of the references taught every element of the claimed invention, however without a motivation to combine, a rejection based on a prima facie case of obvious was held improper.). The level of skill in the art cannot be relied upon to provide the suggestion to combine references. *Al-Site Corp. v. VSI Int'l Inc.*, 174 F.3d 1308, 50 USPQ2d 1161 (Fed. Cir. 1999).

Again, the above illustrates that the obviousness rejection lacks proper foundation.

Lack of Specificity of Suggestion to Modify

No specifics are provided as to "how" one would be expected to combine the supposedly relevant portions of Canney with the system of Levine to produce a system having the specifics recited in Applicant claims.

It is well founded that specific evidence for making a proposed combination is required. For example, referring to the outcome of appeal No. 2000-1201 for Application No. 08/817,825 (Page 6 - 7).

"The range of sources available, however, does not diminish the requirement for actual evidence. That is, the showing must be clear and particular. *See, e.g., C.R. Bard*, 157 F.3d at 1352, 48 USPQ2d at 1232. Broad conclusory statements regarding the teaching of multiple references, standing alone, are not 'evidence.'" *Id.* at 999, 50 USPQ2d at 1617 (citing *McElmurry v. Arkansas Power & Light Co.*, 995 F.2d 1576, 1578, 27 USPQ2d 1129, 1131 (Fed. Cir. 1993); *In re Sichert*, 566 F.2d 1154, 1164, 196 USPQ 209, 217 (CCPA 1977)). (*emphasis added*)

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Again, the above illustrates that the obviousness rejection lacks proper foundation.

Invention Must Be Considered as a Whole

An overriding theme appears as one looks at the intractable shortcomings of the rejection; specifically, that the invention is not being considered as a whole. Applicant's claimed device must be viewed as a whole. Considering the invention as a whole, it is not proper to dissect Applicant's device and then to try and build such a device from pieces found in various cited art where no reference teaches or suggests the combination.

MPEP 2141.02: "THE CLAIMED INVENTION AS A WHOLE MUST BE CONSIDERED. In determining the differences between the prior art and the claims, the question under 35 U.S.C. 103 is not whether the differences themselves would have been obvious, but whether the claimed invention as a whole would have been obvious. *Stratoflex, Inc. v. Aeroquip Corp.* 713 F.2d 1530, 218 USPQ 871 (Fed. Cir. 1983); *Schenck v. Nortron Corp.*, 713 F.2d 782, 218 USPQ 698 (Fed. Cir. 1983)"

One example of overlooking "as a whole" considerations is found in putting forth a combination with Canney on the basis of the phrase "*trust account*" appearing in Canney when no underlying, objects, structures, or operating principles align with the claims of the instant application. Another example is found in distilling certain aspects from the applicant claim, as in Claim 2, to be compared against Levine and not considering all aspects recited in the claim. In addition, these problems illustrate an attempt to distill the invention from that which is actually recited in the claim itself. It is well recognized that comparative assertions based on supposed "gists" or "thrusts" of the invention are practices contrary to considerations as a whole. Examination guidelines within the MPEP clearly indicate the impropriety of attempting to distill down an invention.

MPEP 2142.02: DISTILLING THE INVENTION DOWN TO A "GIST" OR "THRUST" OF AN INVENTION DISREGARDS "AS A WHOLE" REQUIREMENT
Distilling an invention down to the "gist" or "thrust" of an invention disregards the requirement of analyzing the subject matter "as a whole". *Jones v. Hardy*, 727 F.2d 1524 220 USPQ 1021, 1026 (Fed. Cir. 1984) ("treating the advantage as the invention disregards statutory requirement that the invention be viewed 'as a whole' ").

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Because the obviousness rejection was asserted without considering the invention as a whole, it is improper.

Therefore, the Applicant respectfully requests that the rejection of Claim 2 and the claims that depend therefrom, be withdrawn.

(b) Claim 23. Independent Claim 23 is drawn toward a system for facilitating payment transactions and is written in a means-plus-function format. Claim 23 was rejected based on the same arguments put forth in the rejection of Claim 2, whose arguments are presented above.

In a similar manner as Claim 2, Claim 23 describes a payment card structure built around a *"trust account"* mechanism and the execution of transactions *"immediately upon authorizing said payment transaction"*. Claim 23 also describes that the trust account is controlled by a trustee in response to directives from the cardholder of each said virtual account.

In support of the rejection, it is asserted that Levine teaches all aspects of the claim except for *"an account which is accessible by the trustee and responsive to a monetary remittance from the cardholder"*. To supply that missing aspect a combination with Canney is put forth, despite the fact that neither reference provides a teaching, suggestion, or motivation toward creating such a combination.

The rejection of Claim 23 suffers from the same shortcomings discussed above in relation with Claim 2. The following sections briefly discuss a number of fatal shortcomings of the rejection, including: (1) Neither Levine nor Canney references teach what they are purported to teach; (2) all claim limitations are not taught; (3) an unsuggested combination is put forth with no motivation to combine; (4) different objects and operating principles apply; (5) rejection is based on similarity of inventive concept; (6) modification is based on hindsight; (7) lack of specificity of suggestion to modify; and (8) invention must be considered as a whole. For a more detailed analysis one can refer to the associated section of the arguments put forth for Claim 2 above.

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Levine Does Not Teach What It Is Purported to Teach

As mentioned above, the combination with Canney is directed at supplying “*an account which is accessible by the trustee and responsive to a monetary remittance from the cardholder*” to the teachings of Levine.

However, the sweeping generalization regarding the Levine references ignores numerous aspects of the claim reference. Levine does not provide teachings for: “*means for generating a virtual account by a financial or other institution on behalf of a user within a database having a database record for the virtual account within a trust account*”; “*said trust account is controlled by a trustee in response to directives from the cardholder of said virtual account*”; “*agglomeration of multiple virtual accounts to be associated with a single trust account*”; and “*executing monetary payment and transfer transactions through said trustee*”. Levine has neither trust account, trustee, nor any configuration for melding these aspects with a payment card.

In addition, Levine lacks other significant teachings regarding “*said payment transaction decrementing the balance of said virtual account immediately upon authorizing said payment transaction, and without incurring a chargeback liability*”.

Furthermore, Levine does not teach, nor is it configured for, “*transferring in response to user directive any portion of a balance from said virtual account to a virtual account of another cardholder*”.

Accordingly, from the above it is clear that the Levine reference does not teach what it is purported to teach.

Canney Does Not Teach What It Is Purported to Teach

The rejection posits a combination with Canney to supply an “*account which is accessible by the trustee and responsive to a monetary remittance from the cardholder*”.

However, not only is the Levine reference bereft of numerous additional claim aspects, but the combination with Canney provides no remediation of any of these shortcomings, as it does not teach what it is purported to teach.

Canney is a method of directing a portion of an account fee to a charity and can

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be applied to numerous types of accounts, one class of accounts is accounts for which service fees are associated, one such type is for trust accounts, another type is for payments such as with payment cards, insurance and so forth. Yet, other than being applicable to card accounts or trust accounts, there exists nothing in the Canney reference directed at payment card processing based on trust accounts, nor is there any relevant teaching of any of the novel trust account mechanisms described within the claim at issue.

Regarding the disclosure of “*a trust account*” by Canney, it is clear that specific trust account forms are referred to (listed by Canney), while nothing within the text is directed to tying a trust account to a payment system, a payment instrument, or to any system remotely resembling that of the instant application.

All Claim Limitations Are Not Taught or Suggested

The combination of Canney with Levine, aside from being improper, also completely fails in that it does not teach all the limitations of the claim at issue. The Canney reference mentions “*trust accounts*” and thus, a combination with Levine was asserted. Although it has been shown that Canney mentions trust accounts, there is nothing described with regard to a payment card based on a trust account and the structures for coupling the trust account to the payment card financial instrument. Canney also fails to disclose (1) transferring from one virtual account to another, and (2) overcoming the chargeback liability problem.

Unsuggested Combination

The combination with Canney is not based on any suggestion from the teachings of either reference. The only ‘reasoning’ put forth for making the combination is that “*it would have been another financial instrument to create the payment system around*”. Yet, it is well understood that a proper suggestion must be based on specific teachings or suggestions from the references and not based on generalized statements which could be equally applied to a myriad of other applications. No teaching, suggestion, or motivation is shown stemming from the references from which the rejection is founded,

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and thus, the rejection is improper.

Different Objects and Operating Principles

Levine and Canney are directed to different inventive objects and different operating principles. Levine is directed to creating an electronic form of travelers check (See "Summary of the Invention" column 2, lines 6-9). In contrast to Levine, Canney describes a "*Method of Charitable Giving/investing*", as seen by its title, in which a portion of an account fee is directed to a charitable foundation. Therefore, the nature of the problem in these two cases is substantially different. Applicant also believes that Canney is not analogous art to Levine, and is of no merit as a supporting reference, aside from its dubious distinction in its tangential use of the phrase "*trust account*". Furthermore, the objects of these references also differ from the object of the present invention, that of facilitating payment transactions that are not subject to a chargeback liability (as recited in Claim 2), and which have the escheat advantages of trust accounts. Applicant has solved a different problem from either of the references. It is apparent that the claims of the instant application recite a system utilizing new principles of operation, such as the use of a trust account, trustee mechanisms, and virtual accounts toward preventing chargeback liability. The applicant is teaching a new principle of operation for solving this long-held problem.

The relied-upon references also differ markedly with regard to operating principles. Levine is a card-based instrument which is purchased at a fixed denomination from a bank in the same manner as a travelers check, yet is directed at use with ATM machines of an issuing bank (refer to column 2, lines 6-58 of Levine). In contrast to this, Canney can be used with specific forms of financial instrument to which a fee is attached (listed within Canney), wherein a portion of that fee is redirected to a donation account. It should also be recognized that the "*trust account*" embodiments of Canney (refer to column 2, lines 5-16 as further described in column 2, line 59 through column 4, line 25) do not describe basing a payment card on the "trust account" or provide any suggestion or motivation for doing so. A combination of Canney and Levine

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would necessarily alter the principles of operation of Levine; this is particularly telling with regard to the “*trust account*” embodiment of Canney, because it is not even directed to an underlying payment card process. It is well known that the proposed modification cannot change the principle of operation of the reference.

As is clear from this discussion, a combination with Canney would altogether change the principles of operation of Levine, which is a further indication that the proposed modification would not have been obvious in light of the reference teachings. *See In re Ratti*, 270 F.2d 810, 813, 123 USPQ 349, 352 (CCPA 1959). Furthermore, the combination would render the Levine reference unsuited for its purpose, as Canney provides for directing a portion of the fee to a charity donation, which is clearly not in keeping with the electronic travelers check object of Levine. Therefore, the proposed combination is not valid because it requires changing the principles of operation of the reference.

Rejection Based on Similarity of Inventive Concept

Patent protection is not available for concepts and ideas. It is therefore of no value for a rejection to assert that a claim is directed in a similar area or toward a similar idea or inventive concept. Support for these rejections relies on generalizations of the teachings of the cited references, as well as the specific elements of the claim, toward positing a rejection. However, because basing a rejection on similarity of concept is improper, these assertions of ‘similarity’ carry no weight in establishing a *prima facie* case of obviousness.

Modification Based on Hindsight

The only readily apparent connection between the teachings of Levine and Canney is that they both have at least one embodiment in which a payment card is utilized in some capacity. However, Canney describes use of a conventional payment card structure from which a donor percentage is sequestered, while Levine addresses issuing disposable payment cards as a substitute for travelers checks. The only suggestion for making a combination of these two disparate teachings is derived from

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the teachings of the instant application. Hindsight is impermissible as a basis for proffering a combination.

Lack of Specificity of Suggestion to Modify

No specifics are provided as to “how” one would be expected to combine the supposedly relevant portions of Canney with the system of Levine to produce a system having the specifics recited in Applicant claims. It is well founded that specific evidence for making a proposed combination is required.

Invention Must Be Considered as a Whole

The rejection fails to consider the rejection as a whole, rather than utilizing a piece-meal examination in which the invention is considered as a collection of parts to be assembled from various prior art sources. Asserting the combination with Canney is an example of this shortcoming in that the phrase “*trust account*” is merely mentioned within Canney, while no underlying objects, structures, or operating principles align with the claims of the instant application. Another example is found in distilling certain aspects from the applicant claim into a concept or gist which is compared against Levine while ignoring aspects of the claim that are not found in Levine. Because the obviousness rejection has not considered the invention as a whole, it is improper.

Therefore, the Applicant respectfully requests that the rejection of Claim 23 and the claims that depend therefrom, be withdrawn.

(c) Claim 24. (*discussion of these dependent claims is presented in the order found in the Office Action*) Dependent Claim 24 recites a system in which “*said virtual account is held anonymously by said user as cardholder*”. Although lumped in with the rejection of Claims 2 and 23, Applicant finds no support for the rejection of Claim 24.

Although as Claim 24 should be considered *a fortiori* allowable because it depends from independent Claim 23 whose patentability over the references has been demonstrated, it also provides additional patentable distinctions over the independent claim.

Levine teaches an alternative for a travelers check and describes the issuing of

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payment cards of fixed values by a sales agent of the bank, neither of which would be considered to provide anonymity. Furthermore, a travelers check has the advantage of allowing the party to obtain a refund if the travelers checks should become lost or stolen. In this case, the party would need be identified in association with the travelers check instruments in order to receive replacement travelers checks.

Canney provides no teaching in this regard.

Therefore, Applicant respectfully requests that the rejection of Claim 24 be withdrawn.

(d) Claim 6. Dependent Claim 6 recites that the virtual account of the system *"can be depleted through one or more transfers for which the virtual account payment card is utilized as a source of funds to facilitate a funds transfer to another virtual account"*.

Although Claim 6 should be considered *a fortiori* allowable because it depends from independent Claim 2 whose patentability over the references has been demonstrated, it also provides additional patentable distinctions over the independent claim.

No specifics are provided toward transferring amounts directed from one virtual account to another. The rejection puts forth the bulk of column 2 (column 2, lines 6-46) as teaching a number of different aspects, without outlining where any of them are found in the text. Applicant does not find this aspect within the recited text. This is not surprising, however, because a transfer scheme like this would be inconsistent with the travelers check metaphor of Levine, as well as being inconsistent with the use of conventional payment cards.

Therefore, Applicant respectfully requests that the rejection of Claim 6 be withdrawn.

(e) Claims 3-5, 7, and 27-29. In view of their dependence on independent

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Claims 2 and 23, whose patentability over the cited references has been illustrated, this group of dependent claims should be considered *a fortiori* allowable.

Therefore, as can be seen from sections (a) through (e) above, the rejection of independent Claims 2 and 23, as well as the dependent claims within this group of rejected claims, should be withdrawn.

2. Rejection of Claims 8-10, 21, 25-26, 30-32 and 44-54 under 35 U.S.C. § 103(a).

Claims 8-10, 21, 25-26, 30-32 and 44-54 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Levine in view of Canney and further in view of Kolling et al. (U.S. Pat. No. 5,920,847).

(a) Claim 21. Claim 21 is the independent claim within the above group of claims, and is drawn to a method for performing monetary transactions with a virtual account payment card. In supporting the rejection of independent Claim 21, a number of shortcomings arise similar to those discussed previously with regard to Claims 2 and 23. The arguments below will be somewhat summarized so as to reduce duplication.

The claim at issue describes a virtual account structure built on a trust account which, for example, recites processing that is settled “*by the trustee from said trust account on behalf of the cardholder in response to the trustee releasing a level of funds from the trust account in response to cardholder directive*”. As already described with regard to Claims 2 and 23, there are no teachings within Levine and/or Canney which provide ANY teaching or suggestion of these aspects of the invention.

The “gap” supposedly filled by Kolling is that “*Kolling discloses settling the transaction from said trust account on behalf of the cardholder and decrementing the existing balance of the virtual account in response to payments made with the card, and incrementing the existing virtual account balance in response to transfers made to the virtual account payment card (column 30, lines 38-49)*”.

However, Kolling is another reference that does not teach or suggest a payment

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card structure built upon a trust account and trustee - there is no support whatsoever for asserting this trust account structure. Kolling is not even directed to a payment card structure, but instead to a bill paying system operating over the Internet, as seen by the title "*Electronic Bill Pay System*", and in the first sentence of the abstract "*A bill pay system wherein participating consumers pay bills to participating billers through a payment network operating according to preset rules*". The abstract goes on to describe how consumers can select bills for payment and control their payments over the network.

A portion of the relied-upon section of Kolling discusses recharging of a conventional stored value card (see column 30, lines 30-37). Kolling teaches that, instead of bill payment from a consumer account, it can be used in reference to other accounts from other financial institutions (column 30, lines 38-49). There is nothing in these sections wherein a trust account payment structure is taught or suggested, and furthermore, no teaching within the relied-upon section for settling a transaction immediately, and certainly nothing with regard to eliminating chargeback liability. It is not surprising that Kolling does not teach or suggest these aspects, because Kolling is directed at a bill paying system and not a payment card system.

Kolling is directed at different and incompatible objects and operating principles than the Levine or Canney reference. These incompatible objects and operating principles cannot be combined with Levine and Canney without changing the objects and operating principles of those references.

The motivation cited for putting forth the combination is to "*give the card user the ability to return items to the store and credit the card for the items and easily track the balance of the card*". However, Applicant contends that this generalization has no probative value, as it is not directed at any teaching, suggestion, or motivation that would engender a user toward making the cited combination. The teachings of Kolling are complete in themselves in this regard, and nothing is put forth as to specifics for actually structuring this combination. Of course, because none of the cited references

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provide a foundation for the trust account structure of the payment card, the impetus for any of these combinations has already been negated. Furthermore, the combination appears to originate from improper hindsight based on Applicant's teachings, because what is cited from the references themselves does not provide a suggestion or motivation toward making such a combination. These aspects of the rejection are also indicative of piece-meal examination, in which the invention is considered as a set of parts and, therefore, not considered in its entirety.

As seen above, the rejection suffers from numerous problems, including: (1) Levine does not teach what it is purported to teach with regard to a payment card, and clearly has no teaching about a trust account or trustee as asserted in the rejection; (2) Canney does not teach what it is purported to teach with regard to a trust account, as it discloses nothing with regard to a trust account associated with a payment card; (3) the combination between Canney and Levine does not result in providing the trust account aspects of the claimed invention and is an improper and unfounded combination; (4) Kolling does not teach what it is purported to teach (column 30, lines 30-49), as it does not teach a trust account structure or mechanisms; (5) the combination of Levine, Canney, and Kolling fails to teach a number of elements recited in the claims, including the trust account and trustee configuration of the payment card, the ability for settling a transaction immediately or for eliminating chargeback liability; and (6) Applicant contends that the only motivation for asserting the combination with Kolling is found in applicant's claims.

Any of these shortcomings are sufficient to overcome the obviousness rejections asserted against Claim 21. Accordingly, the combination including Kolling does not teach, suggest, or provide motivation for the payment card of Claim 21 which involves the use of a trustee controlling a trust account, and settling transactions immediately without chargebacks.

Therefore, Applicant asserts that Claim 21 is not obvious in view of the cited

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references and respectfully requests that the rejection of Claim 21 and the claims which depend therefrom should be withdrawn.

(b) Claim 44. Dependent Claim 44 is depends from independent Claim 2 and recites aspects of the virtual account within the trust account of the system “*wherein said virtual account is held anonymously by said user as cardholder*”.

Although as Claim 44 should be considered *a fortiori* allowable because it depends from independent Claim 2 whose patentability over the references has been demonstrated, it also provides additional patentable distinctions over the independent claim.

No specifics are provided toward transferring amounts directed from one virtual account to another. The rejection puts forth all of column 2 “(column 2, lines 6-46; and column 2, lines 47 through column 3, line 1)” as teaching this aspect of the invention without outlining any specifics of the text. Applicant is unable to find this aspect within the recited text. In fact, Levine can be considered to teach away from this anonymity (see column 2, lines 31-38). In addition, such anonymity would clearly be inconsistent with the travelers check metaphor of Levine. In order to obtain a refund for lost or stolen travelers checks, the issuing institution must know to whom the travelers checks were issued.

Therefore, Applicant respectfully requests that the rejection of Claim 44 be withdrawn.

(c) Claim 45. Dependent Claim 45 recites “*wherein said payment transaction comprises a payment made to a merchant, or a payment made in transferring funds into another virtual account*”.

Column 1, line 21 through column 2, line 46 of Levine is offered in support of the rejection. However, Applicant finds nothing in these columns which provide any teaching or suggestion for transfers between virtual accounts.

Accordingly, since the combination of references provides no teaching or

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suggestion for a user transferring funds to another virtual account, there is no support for the rejection of Claim 45.

Therefore, Applicant respectfully requests that the rejection of Claim 45 be withdrawn.

(d) Claim 46. Claim 46 depends from Claim 45 and recites additional aspects of the funds transfer between virtual accounts of the trust account.

In support of the rejection, column 1, line 21 through column 2, line 46, of Levine is again offered in support. However, as mentioned above, Applicant finds no teaching or suggestion within this section, or in other portions of any of the cited references, to provide any support for the rejection. It is clear that the combination of references provides no teaching or suggestion for transferring funds to a virtual account of another user without the need to receive authorization from the cardholder.

Therefore, Applicant respectfully requests that the rejection of Claim 46 be withdrawn.

(e) Claims 8-10, 25-26, 30-32 and 47-54. In view of their dependence on independent Claims 2, 21, and 23, whose patentability over the cited references has been illustrated, this group of dependent claims should be considered *a fortiori* allowable.

It should be noted that Claim 10 should not have been listed in this group, because it was previously canceled.

Therefore, in view of the discussion presented in sections (a) through (e) above, the rejection of independent Claim 21, as well as the dependent claims within this group of rejected claims, should be withdrawn.

3. Conclusion.

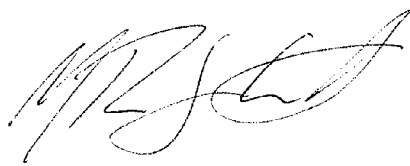
Based on the foregoing discussion, Applicant respectfully requests that the various grounds for rejection in the Office Action be reconsidered and withdrawn, and that a Notice of Allowance be issued for the present application to pass to issuance.

Appl. No.: 09/839,745
Amdt. Dated: 04/05/2007
Off. Act. Dated: 01/05/2007

In the event any further matters remain at issue with respect to the present application, Applicant respectfully requests that the Examiner please contact the undersigned below at the telephone number indicated in order to discuss such matter prior to the next action on the merits of this application.

Date: April 5, 2007

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'J. P. O'Banion', written in a cursive style.

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